

## DMH/DD/SAS Standards for Single Stream Funding

Effective: October 1, 2007

Revised: February 1, 2009

### A. Standards for LME Initial Qualification for Single Stream Funding

In order for a Local Management Entity (LME) to initially qualify for designation by the Department of Health and Human Services for single stream funding for a state fiscal year, the LME shall submit a written request for single stream funding status to the Community Policy Management Section of the Division of MH/DD/SAS (Division). The LME shall include copies of information required in standard A5 below, along with statements of assurance relative to standards A8, A9, A10, and A11 below. The Division shall have the information on the other standards. The standards for LME initial qualification for single stream funding designation are as follow:

- A1. An LME written request for initial designation for single stream funding for a state fiscal year has been submitted by e-mail (with signed original to follow) to the Community Policy Management Section Chief's Office of the Division no earlier than six (6) weeks, and no later than four (4) weeks, prior to the beginning of the next fiscal quarter in order for the LME to be considered for single stream funding for the beginning of the next fiscal quarter. An LME that meets the standards for such initial qualification for single stream funding shall be designated for participation and transitioned generally at the beginning of the next fiscal quarter following the LME's designation.
- A2. The LME has an approved Performance Contract with the Division for the current fiscal year, and an approved Performance Contract for the upcoming fiscal year that extends through the period for which the LME is applying for initial single stream funding designation. If approval is delayed by the Division, as circumstances require, the Division may permit a grace period of up to 45 days from the time of the Division's approval for the LME's approval of a new state fiscal year Performance Contract.
- A3. The LME has implemented a current LME Crisis Plan that has been approved in writing by the Division, and is in compliance with the plan.
- A4. The LME does not have an unresolved notice to the area authority board, county program, and the board(s) of commissioners related to the conditions set forth in G.S. 122C-124.1 and/or G.S. 122C-125<sup>4</sup>.
- A5. The LME submits to the Division a current signed addendum to the agreement between the Consumer and Family Advisory Committee (CFAC) and the governing board of the area authority or county program that outlines the role of the CFAC in the LME age/disability service planning process relative to the use of funds. This addendum to the agreement shall also include the communication and reporting expectations between the LME and the CFAC in regards to the LME's participation in single stream funding for the state fiscal year for which the LME is requesting single stream funding designation. In the event the LME governing board does not currently have an agreement with the CFAC to amend, the LME must submit an agreement which, at a minimum, addresses the role of the CFAC in the age/disability service planning process relative to the use of funds and include the communication and reporting expectations between the LME and the CFAC in regards to the LME's participation in single stream funding.
- A6. The LME has demonstrated total Integrated Payment and Reporting System (IPRS) earnings through claims payment of a minimum of 85% of the LME's annual service funds that are allocated within UCR. If the LME is requesting single stream funding to begin in the 1<sup>st</sup>, 2<sup>nd</sup>, or 3<sup>rd</sup> quarter of the fiscal year, this determination shall be based on four quarters of the previous year's data. If the LME is requesting single stream funding to begin in the 4th quarter of the fiscal year, this determination shall be based on three complete quarter's of the current year's data. The amount is calculated as a partial year pro rata reported amount of 63.75%, as measured following the 3<sup>rd</sup> quarter of the current state fiscal year, or if three quarters of the current year data is unavailable, the most current complete state fiscal year, as a full year reported amount of 85.00. Alternatively, the LME may choose to be evaluated as a current full year reported amount of 85.00%, as measured through the last IPRS check-write in the most current complete state fiscal year, whichever is more favorable for the LME.
- A7. The LME has met or exceeded the identified performance standards of a minimum of 65% of the designated performance measures<sup>5</sup> that are contained in the applicable Performance Contract that

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was in effect for the LME for the single fiscal report quarter that is the basis for evaluation. These annual performance standards are established at the beginning of each fiscal year and are based on a variety of factors, including a review of the statewide performance of LMEs in the previous fiscal year.

- A8. The LME has provided written assurances and appropriate documentation to indicate that:
- The LME has a published benefit plan that has been approved by the Division; and
  - The LME shall continue to enroll all individuals into the appropriate target population groups that are approved by the Division and will report service units on a monthly basis to IPRS; and
  - Service units reported to IPRS on a monthly basis are representative of appropriate and responsive LME practices in implementing the functions outlined in the Contract; and
  - LME practices reflect a consistent pattern of responsible use of allocated state and federal funds to address the service needs of all six (6) of the Division's age/disability groups, with appropriate access to all age/disability services ensured throughout the fiscal year, within the necessary constraints of available LME fiscal resources; and
  - Reporting to IPRS shall contain timely, accurate and complete content to allow accounting for a minimum of 85% of recurring allocated funds through a combination of (a) claims payment through the appropriate source of Federal funds not included in single stream funding and (b) processing of claims receiving a claims payment with a \$0 value with an EOB 8586 which indicates that the claim would have paid had the LME not been a single stream funding site; and
  - It shall provide timely, accurate, complete and satisfactory reporting and accounting of all non-UCR expenditures.
- A9. The LME has provided written assurance that it shall use Division funding only to purchase services included in the IPRS service array except as provided herein. If the LME desires to provide services not included in the IPRS service array, the LME shall submit information, in accordance with the current Division LME Alternative Service Request for Use of DMHDD/SAS State Funds form and procedures, to the DMH/DD/SAS Budget and Finance Team and the Community Policy Management Section.
- A10. The LME has provided written assurance that it shall meet or exceed the Division designated local Maintenance of Effort (MOE) requirements for state only funding by LME for each state fiscal year in accordance with the Division's federal mandates in the current applicable Substance Abuse Prevention and Treatment Block Grant (SAPTBG) and the Mental Health Block Grant (MHBG). The local MOE requirement for the LME for the state fiscal year for substance abuse treatment services, women's substance abuse services, community mental health treatment services, and children's community mental health services, is defined as no less than the baseline amount of LME age, disability, and gender-specific State SA and MH funding allocated in the state fiscal year final allocation letter transmitted immediately prior to the LME's designation for single stream funding. All Block Grant required age, disability, and gender-specific LME expenditures of state funds shall be required to be maintained prior to any local adjustments in State funding utilization, including any increases or decreases, for the state fiscal year.
- A11. The LME has provided written assurance and appropriate documentation that it has been, and shall continue to be, in substantial compliance with the Department's prompt-pay guidelines<sup>6</sup> as required in the Division's current Performance Contract with the LME. The LME has been certified to be in substantial compliance with these prompt-pay guidelines through a formal written finding by the Department or Division. A written finding of the LME's substantial compliance with the Department's prompt-pay guidelines shall be based on the most recent claims review, payment audit, financial complaints and appeals investigation, provider survey, monitoring evaluation, or other inquiry that is conducted by the Department or the Division during the 12 month timeframe immediately preceding the LME's requested date of implementation of single stream funding initial designation.
- A12. The LME is in substantial compliance with the state fiscal year Performance Contract Report/Data Submission Requirements.

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### B. Standards for LME Single Stream Funding Continuing Designation

A LME's compliance with requirements for continuing designation for single stream funding is an extension of the Standards for LME Qualification for Single Stream Funding that were approved and implemented in October, 2007<sup>2</sup> and revised in February, 2009. Such compliance will be monitored regularly by the Division, using all available data and information.

On an annual basis, each single stream funding LME will be evaluated for approval of its single stream funding continuing designation prior to the time of contract renewal. The annual evaluation for approval of this continuing designation status will be determined by the Division based on an assessment of available documentation of data, information, and assurances, including necessary submissions from an LME, in relation to compliance with the standards below (B1 through B12) for an LME's continuing designation for single stream funding.

The annual evaluation will be conducted utilizing an annual evaluation timeframe made up of the 4<sup>th</sup> report quarter of the previous fiscal year and the 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> report quarters of the current fiscal year. The annual evaluation will begin when all data is available following the end of the third fiscal report quarter, and will generally be completed approximately two (2) to four (4) weeks prior to the end of the state fiscal year. This evaluation schedule will allow the LME and the Division to make necessary preparations for any changes in the LME's single stream funding status scheduled for the beginning of the upcoming fiscal year.

Situations may arise which require the Division to make a determination regarding an LME's continuing designation for single stream funding at a time other than the regularly scheduled annual evaluation. In such situations, the evaluation for continuing designation will be determined by the Division based on an assessment of the most currently available information in relation to compliance with the standards for LME continuing designation.

In order for an LME to meet standards for continuing designation for single stream funding, the LME shall continuously meet each of the following:

- B1. The LME with existing single stream funding designation shall provide to the Community Policy Management Section Chief's Office of the Division required documentation of data, information, and assurances as required by the standards B3, B5, B8, B9, B10, and B11 below. This information shall be provided by e-mail with an original signed copy to follow. The LME may provide copies of such documentation immediately following the end of the 3<sup>rd</sup> fiscal quarter (April 1), but shall provide such information no later than May 15. The Division shall have the data and information on the other standards.
- B2. The LME has an approved Performance Contract with the Division for the current fiscal year, and an approved Performance Contract for the upcoming fiscal year that extends through the period for which the LME is applying for continuing single stream funding designation. If approval is delayed by the Division, as circumstances require, the Division may permit a grace period of up to 45 days from the time of the Division's approval for the LME's approval of a new state fiscal year Performance Contract.
- B3. The LME has implemented a current LME Crisis Plan that has been approved in writing by the Division, and is in compliance with the plan.
- B4. The LME does not have an unresolved notice to the area authority board, county program, and the board(s) of commissioners related to the conditions set forth in G.S. 122C-124.1 and/or G.S. 122C-125<sup>3</sup>.
- B5. The LME maintains a current signed addendum to the agreement between the Consumer and Family Advisory Committee (CFAC) and the governing board of the area authority or county program that outlines the role of the CFAC in the LME age/disability service planning process relative to the use of funds. This addendum to the agreement shall also include the communication and reporting expectations between the LME and the CFAC in regards to the LME's participation in single stream funding for the state fiscal year for which the LME is requesting single stream funding continuing designation. In the event the LME governing board does not currently have an agreement with the

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CFAC to amend, the LME must submit an agreement which, at a minimum, addresses the role of the CFAC in the age/disability service planning process relative to the use of funds and include the communication and reporting expectations between the LME and the CFAC in regards to the LME's participation in single stream funding.

- B6. The LME has demonstrated total Integrated Payment and Reporting System (IPRS) annual earnings through claims payment and shadow claims reporting of a required minimum of 85% of the LME's annual service funds that are allocated for the state fiscal year. Because the Division's annual evaluation will occur prior to the end of the state fiscal year, a pro rata amount will be used for this determination. The amount is calculated as a partial year pro rata amount of 63.75%, as measured following the 3<sup>rd</sup> quarter of the state fiscal year. As circumstances require, the Division may choose to extend such evaluation to include additional months of the fiscal year, up to a full year reported amount of 85.00%, as measured through the last IPRS check-write in the state fiscal year, or whichever is more favorable for the LME. This situation will necessarily delay Division approval of implementation of such single stream funding continuing designation.

- B7. The LME has met or exceeded the approved annual Performance Contract standards of a minimum of 65% of the designated performance measures<sup>4</sup> that are contained in the applicable Performance Contract for a minimum of one-half (1/2) of the fiscal quarters that are designated as applicable within the annual evaluation timeframe. In most circumstances, this evaluation will require that the LME meet the standard for a minimum two (2) report quarters of the four (4) report quarters that make up the annual evaluation timeframe.

Although all four (4) fiscal quarters are considered to be a part of the annual evaluation timeframe, the two (2) fiscal quarters that make up the 6-month initial implementation timeframe have been granted to the LME as a one-time grace period by the General Assembly. During this grace period these two (2) fiscal quarters of initial implementation may not serve as a factor in Division determination of removal of the LME's single stream funding designation. However, a LME's performance in successfully meeting the standard for one or both of these grace period report quarters will be positively incorporated by the Division in its annual evaluation and determination as to whether an LME has met the annual performance standard.

Because of the grace period granted for the first two (2) fiscal quarters of implementation, the minimum number of quarters required for an LME to meet the annual standard may initially vary from one to two quarters. In all circumstances, the standard is measured utilizing the annual evaluation timeframe made up of the 4<sup>th</sup> report quarter of the previous fiscal year, and the 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> report quarters of the current fiscal year.

- B8. The LME has provided written assurances and appropriate documentation to indicate that:
- The LME has a published benefit plan that has been approved by the Division; and
  - The LME has enrolled, and shall continue to enroll, individuals into the appropriate target population groups that are approved by the Division, and has reported, and shall continue to report, service units on a monthly basis to IPRS; and
  - Service units reported to IPRS on a monthly basis are representative of appropriate and responsive LME practices in implementing the functions outlined in the Contract; and
  - LME practices reflect a consistent pattern of responsible use of allocated state and federal funds to address the service needs of all six (6) of the Division's age/disability groups, with appropriate access to all age/disability services ensured throughout the fiscal year, within the necessary constraints of available LME fiscal resources; and
  - Reporting to IPRS has contained, and shall continue to contain, timely, accurate and complete content to allow accounting for a minimum of 85% of allocated funds through a combination of (a) claims payment through the appropriate source of Federal funds not included in single stream funding and (b) processing of claims receiving a claims payment with a \$0 value with EOB 8586 which indicates that the claim would have paid had the LME not been a single stream funding site; and
  - It has provided, and shall continue to provide, timely, accurate, complete and satisfactory reporting and accounting of all non-UCR expenditures.

- B9. The LME has provided written assurance and appropriate documentation that it has used, and shall continue to use, Division funding only to purchase services included in the IPRS service array except as provided herein. If the LME desires to provide services not included in the IPRS service array, the

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LME shall submit information, in accordance with the current Division LME Alternative Service Request for Use of DMHDDSAS State Funds form and procedures, to the DMH/DD/SAS Budget and Finance Team and the Community Policy Management Section.

- B10. The LME has provided written assurance and appropriate documentation that it has met, and shall continue to meet or exceed, the Division designated local Maintenance of Effort (MOE) requirements for state only funding by LME for each state fiscal year in accordance with the Division's federal mandates in the current applicable Substance Abuse Prevention and Treatment Block Grant (SAPTBG) and the Mental Health Block Grant (MHBG). The local MOE requirement for the LME for the state fiscal year for substance abuse treatment services, women's substance abuse services, community mental health treatment services, and children's community mental health services, is defined as no less than the baseline amount of LME age, disability, and gender-specific State SA and MH funding allocated in the state fiscal year final allocation letter transmitted immediately prior to the LME's designation for single stream funding. All Block Grant required age, disability, and gender-specific LME expenditures of state funds shall be required to be maintained prior to any local adjustments in State funding utilization, including any increases or decreases, for the state fiscal year.
- B11. The LME has provided written assurance and appropriate documentation that it has been, and shall continue to be, in substantial compliance with the Department's prompt-pay guidelines<sup>6</sup> as required in the Division's current Performance Contract with the LME. The LME has been certified to be in substantial compliance with these prompt-pay guidelines through a formal written finding by the Department or Division. A written finding of the LME's substantial compliance with the Department's prompt-pay guidelines shall be based on the most recent claims review, payment audit, financial complaints and appeals investigation, provider survey, monitoring evaluation, or other inquiry that is conducted by the Department or the Division during the 12 month timeframe immediately preceding the LME's requested date of implementation of single stream funding continuing designation.
- B12. The LME is in substantial compliance with the state fiscal year Performance Contract Report/Data Submission Requirements.

### C. Standards for LME Single Stream Funding Removal

- C1. A LME with single stream funding designation that does not comply with applicable single stream funding requirements shall be promptly evaluated by the Division for removal of its single stream funding designation.
- C2. The LME shall have the benefit of a one-time six (6) month grace period granted by the General Assembly in order to comply with single stream funding requirements from the time that the LME first begins initial implementation of single stream funding. A LME's lack of compliance with single stream funding continuing designation standards for these initial two (2) fiscal quarters of implementation may not serve as a factor for consideration by the Division for removal of the LME's single stream funding designation in the annual evaluation timeframe. Following the end of the six (6) month grace period during the initial two (2) fiscal quarters of implementation, the LME will be required to comply with all regular single stream funding continuing designation standards.
- C3. Following Division determination that a LME has failed to meet any one of the single stream funding continuing designation standards of B4, B6, B7, B8, or B11 above, the LME's single stream funding designation shall be removed at the beginning of the upcoming state fiscal year, unless more immediate removal of single stream funding designation is required by the Division, as circumstances dictate.
- C4. Following Division determination that a LME has failed to meet any one of the single stream funding continuing designation standards of B1, B2, B3, B5, B9, B10, or B12 above, the LME's single stream funding designation may be scheduled for removal at the beginning of a fiscal quarter to be determined, unless more immediate removal of single stream funding designation is required by the Division, as circumstances dictate.

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- C5. When removal of a LME single stream funding designation is required, the Division will schedule such removal to be implemented by the LME and the Division generally at the beginning of the upcoming state fiscal year, in order to minimize disruption and to accommodate the LME and the Division in necessary planning related to this transition.
- C6. As conditions dictate, when the removal of single stream funding designation is normally scheduled for the beginning of the upcoming state fiscal year, the Division may require a more rapid removal of single stream funding designation immediately, or at the beginning of the next month, or the next fiscal quarter.
- C7. Division removal of an LME's single stream funding designation will be implemented by the Division for a removal period of a minimum of two (2) complete fiscal quarters. Following this removal period the LME shall be eligible to request reinstatement of its single stream funding designation if it meets all requirements for continuing designation.

### D. Standards for LME Single Stream Funding Reinstatement Following Removal

- D1. The LME's written request for reinstatement following removal of single stream funding designation shall be submitted by e-mail (with signed original to follow) to the Community Policy Management Section Chief's Office of the Division no earlier than six (6) weeks, and no later than four (4) weeks, prior to the beginning of the 1<sup>st</sup> fiscal quarter (July 1<sup>st</sup>) or the 3<sup>rd</sup> fiscal quarter (January 1<sup>st</sup>), in order for the LME to be considered for reinstatement for single stream funding at the beginning of the designated fiscal quarter.
- D2. The LME's request for reinstatement shall include a description of the LME's performance improvements that have been made, and the improvements that will continue to be implemented, in order for the LME to continuously meet the standards for single stream funding continuing designation.
- D3. A LME requesting reinstatement for single stream funding shall utilize the same annual evaluation timeframe and shall meet the same standards as an LME seeking continuing designation (See continuing designation standards B1 through B11 above). Following the Division's evaluation and approval of the LME's reinstatement request, the LME that meets these standards shall be scheduled to be transitioned and reinstated generally at the beginning of the 1<sup>st</sup> fiscal quarter or the 3<sup>rd</sup> fiscal quarter.
- D4. If the LME's request for reinstatement is denied by the Division, the LME shall be eligible to reapply for reinstatement as soon as circumstances suggest that the LME has met the standards for continuing designation.
- D5. After a LME's first removal from single stream funding designation for failure to meet applicable single stream funding requirements, the LME may not be reinstated for single stream funding designation for a minimum of two (2) complete fiscal quarters following the removal of this designation.
- D6. After a LME's second or subsequent removal from single stream funding designation for failure to meet applicable single stream funding requirements, the LME may not be reinstated for single stream funding designation for a minimum of four (4) complete fiscal quarters following the implementation of the removal of this designation.
- D7. A LME approved for reinstatement for single stream funding designation shall immediately be required to comply with all regular single stream funding continuing designation requirements at the time of implementation reinstatement. No grace period shall apply for reinstatement of single stream continuing designation.

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### E. Notes/Reference

<sup>1</sup> **SESSION LAW 2007-323, HOUSE BILL 1473, SECTION 10.49.(y)**...The Department shall develop clear standards for how an LME qualifies for single stream funding and shall award single stream funding to any other LME that meets those standards within the 2007-2008 and 2008-2009 fiscal years. These standards shall be developed and implemented not later than October 1, 2007.

<http://www.ncga.state.nc.us/Sessions/2007/Bills/House/HTML/H1473v10.html>

<sup>2</sup> **SESSION LAW 2008-107, HOUSE BILL 2436, SECTION 10.15.(c)**...The Department shall develop prompt-pay guidelines as part of single-stream funding requirements. The Department shall also develop standards for the removal of single-stream designation for those LMEs that do not continue to comply with the applicable requirements for single-stream funding, except that the Department's requirements shall allow for LMEs in the first year of single-stream funding to have a six-month grace period to comply with the requirements from the time the LME begins single-stream funding.

<http://www.ncga.state.nc.us/Sessions/2007/Bills/House/PDF/H2436v9.pdf>

<sup>3</sup> **The DMH/DD/SAS Standards for LME Qualification for Single Stream Funding** were implemented effective October 1, 2007 in **DMH/DD/SAS Communication Bulletin #081**.

<http://www.ncdhhs.gov/mhddsas/announce/commbulletins/commbulletin081/commbulletin081singlestreamfunding.pdf>

<sup>4</sup> **CHAPTER 122C. MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE ACT OF 1985.**

- **122C-124.1.** Actions by the Secretary when area authority or county program is not providing minimally adequate services.
- **122C-125.** Area Authority financial failure; State assumption of financial control.

[http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/ByChapter/Chapter\\_122C.html](http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/ByChapter/Chapter_122C.html)

#### <sup>5</sup> **DMH/DD/SAS - LME PERFORMANCE CONTRACT MEASURES**

- For an LME making an initial request for single stream funding designation or requesting single stream continuing designation under the approved SFY 09 DMH/DD/SAS – LME Performance Contract, this evaluation shall include review of performance on twenty-one (21) designated measures contained in ATTACHMENT II: Performance Expectations, including one composite measure of data submission.
- For an LME making an initial request for single stream funding designation or requesting single stream continuing designation in a subsequent state fiscal year under the approved DMH/DD/SAS – LME Performance Contract, this evaluation shall include review of performance on all designated performance measures contained in ATTACHMENT II: Performance Expectations, including one composite measure of data submission.

<http://www.ncdhhs.gov/mhddsas/performanceagreement/index.htm>

#### <sup>6</sup> **DMH/DD/SAS PROMPT-PAY GUIDELINES REQUIRED THROUGH THE DMH/DD/SAS-LME PERFORMANCE CONTRACT**

ATTACHMENT I: SCOPE OF WORK. 4.1 Provider Billings Made Through the LME: All payments to providers shall be provisional and subject to review and audit for their conformity with DHHS requirements and those of any applicable subcontract.

a. **State Funded Services:** For services for which Medicaid reimbursement is not available but which are paid with State only appropriated funds, the LME shall process and adjudicate provider billings for state funded services filed in accordance with the LME's contract with the provider. If the provider bills within sixty (60) days of providing a service, the LME will pay claims in accordance with the DMH/DD/SAS prompt pay requirements set forth as follows: within eighteen (18) calendar days after the LME receives a claim from a provider, the LME shall either (a) approve payment of the claim, (b) deny payment of the claim, or (c) determine that additional information is required for making an approval or denial. If the LME approves payment, the claim shall be paid within (30) calendar days thereafter. The LME shall disallow claims for state funded services in the event and to the extent the claim is incomplete, does not conform to the applicable service authorization, or is otherwise incorrect or untimely. Any claim disallowed shall be returned to the provider with an explanation for the disallowance. The LME shall allow providers to re-submit a disallowed billing for reconsideration, so long as the re-submission occurs within the general claims filing timeframes outlined above. The LME shall cooperate with its contract providers in the prompt reconciliation of disallowed billings. State funded services which are similar to services available to Medicaid recipients through the North Carolina Medicaid State Plan, shall be reimbursed at the same reimbursement rate that is utilized for the similar Medicaid service.

b. **Medicaid Funded Services:** For Medicaid services billed by providers through the LME, ("pass through billing") claims shall be honored for up to twelve (12) months after the date of service. Medicaid funds paid to the LME on behalf of a provider must be forwarded to the provider within fifteen (15) business days after receipt of payment from EDS. The LME will not be liable for pass through billing Medicaid claims that may be disallowed.

<http://www.ncdhhs.gov/mhddsas/performanceagreement/index.htm>